

CHAPTER NO. 903

SENATE BILL NO. 3244

By Henry

Substituted for: House Bill No. 3093

By Rhinehart

AN ACT To amend Tennessee Code Annotated, Title 9, Chapters 3 and 21, relative to the disposition of proceeds.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-21-120, is amended by designating the existing language as subsection (a) and by adding the following language as subsection (b):

The disposition of proceeds of all capital outlay notes issued prior to January 15, 1998, for school purposes by a county or metropolitan government which contains within its boundaries a special school district and/or incorporated town or city maintaining a public school system separate from the county or metropolitan government public school system is hereby declared to be valid and legally binding, unless proceedings which challenge the disposition of such proceeds have been instituted in any court in this state before January 15, 1998.

SECTION 2. Tennessee Code Annotated, Title 9, Chapter 21, Part 1, is amended by adding the following as a new section:

(a) Proceeds from the sale of bonds or notes issued pursuant to this chapter by a county or metropolitan government for school capital outlay purposes shall be shared with any municipal or special school district system within the county or metropolitan government on the same basis as is provided in Section 49-3-1003. The trustee of the county or the treasurer of the metropolitan government shall pay over to the treasurer of the municipality or the special school district that amount of the proceeds which bears the same ratio to the entire amount of proceeds, net of all costs of issuance and sale of the bonds or notes, as the average daily attendance of the year ending June 30 immediately preceding the receipt of the proceeds of the respective municipality or special school district bears to the average daily attendance for the year ending June 30 immediately preceding the receipt of the proceeds of the entire county or metropolitan government.

(b) The governing body of such municipality or special school district may, by regularly adopted resolution, waive its right to all or a part of any funds due under the provisions of this section and return the funds to the trustee of the county or the treasurer of the metropolitan government for the purposes originally provided.

(c) The proceeds of any bonds or notes issued for school capital outlay purposes shall not be required to be shared if the county or metropolitan government elects to pay for such bonds or notes pursuant to any applicable provision of Section 49-3-1005(b) or (c).


(d) Proceeds required to be shared pursuant to this section shall be shared at the time of the issuance of the bonds or notes.

(e) The proceeds of any refunding bonds and notes issued pursuant to Part 9 of this chapter to refund bonds or notes issued for school capital outlay purposes, the proceeds of bonds issued to retire capital outlay notes issued for school capital outlay purposes pursuant to Part 6 of this chapter, the proceeds of bonds issued to retire bond anticipation notes issued for school capital outlay purposes and notes issued to renew other notes issued for school capital outlay purposes shall not be required to be shared as provided herein, unless the bonds or notes to be refunded, refinanced, renewed or extended are payable from taxes levied only upon a portion of the property in a county or metropolitan government as provided in Section 49-3-1005(b) or are payable as provided in Section 49-3-1005(c) and the instruments issued to accomplish such refinancing are payable from taxes to be levied on all taxable property in the county or metropolitan government.

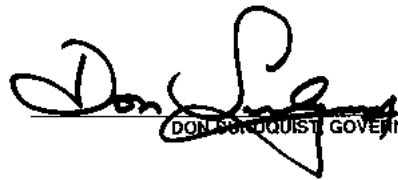
SECTION 3. This act shall take effect upon becoming law, the public welfare requiring it.

PASSED: April 22, 1998


JOHN S. WILDER
SPEAKER OF THE SENATE


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 7th day of May 1998


DON S. QUIGLEY, GOVERNOR